Oregon Business Review
Vol. XIX August 1960 No. 8
Published monthly by the University of Oregon Bureau of Business Research

OREGON STATISTICAL REVIEW, JULY 1960

(For details see pp. 7-8)

• **Bank debits** in Oregon in July were one per cent below the figure for July 1959 but were slightly higher than for June 1960. Nine of the eleven reporting areas show declines from a year ago, with the West Central area showing a decline of 8.4 per cent. Only Portland and Southwestern Oregon showed slight increases.

• **Wage and salary employment** in July 1960 was below that of June 1960 by 2,300. The largest decline was in government employment with a drop of 3,700; this was offset in part by increases in other areas, notably contract construction, which was up 1,200. Only slight declines or increases were shown for other reported areas of employment.

• **The index of man hours** in manufacturing dropped from 94.6 for June 1960 to 94.2 for July 1960. This marks the first decline in the index this year, but is the third consecutive month in which it remains below the corresponding month of 1959 (1951 = 100).

• **Average weekly earnings** of production workers in manufacturing industries were $97.93 in July 1960, which was a slight increase of 42 cents over June 1960, but remains below the high of $98.79 reached in May of this year. In July 1959 the average weekly earnings were $96.44.

• **Building permits** for July for 140 reporting centers in Oregon showed a drop of 26.7 per cent from the same month in 1959. The largest decrease in value was for new residential units which dropped from $13,799,762 in July one year ago to $8,674,049 for July 1960. For the first seven months of 1960 the cumulative value of permits is 17.8 per cent below the corresponding period of 1959.

• **Business failures** in July in Oregon total 27 with $378,000 in liabilities. For the first seven months of 1960 the totals are 296 failures with $7,305,000 in liabilities. This is an increase over the first seven months of 1959 when there were 265 failures with total liabilities of $5,432,000.

• **Construction contracts** awarded in Oregon in June 1960 totaled $42,738,000. This figure is 28 per cent below the figure for June 1959. For the first 6 months of 1960 the value of contracts was 3 per cent below the comparable period in 1959. This drop is less than the national decrease and also less than that for the eleven western states which was 8 per cent in each case.

Organizing International Business from a New Point of View

By RICHARD D. ROBINSON
Lecturer on Business Administration, Harvard Center for International Studies

We have failed to give our "collective capitalism" meaning for most non-Westerners. Such is the burden of a number of recent books and articles. Inasmuch as this finding jibes with my own experience in Asia, I accept it. We are not getting across.

Why? One might suggest that it is not simply a matter of public relations, the choice of words, or even the personal behavior of our overseas representatives, be they public or private. The *Ugly American* is relevant, but not profound.

The more profound truth seems to be that in Asiatic eyes we have not adequately related our ideas and institutions to Asiatic hopes and problems. It has become quite apparent that the concept of a professionally-managed, socially-responsible capitalism founded on widely dispersed ownership, voluntary labor, and production for mass consumption has failed to fuel the explosive economic development erupting in nation after nation as economic incentives become effective and levels of expectation rise. Indeed, many persons seem convinced that private business, by its very nature, cannot live in these explosive developmental situations. This demonstrated failure, plus the enormous anti-business prejudice created by 19th century colonial capitalism, seems to have turned the tide generally against us in Asia and Africa. Words alone, or even sympathetic visitors, one suspects, will not reverse the drift. After all, the Soviet Union (and Communist China?) is moving ahead at a catch-up rate of development, while business-based societies outside the Western industrial community have been running far behind. The Soviet Communist offers hope; we offer perpetual inferiority.

There is urgent need for a very much greater flow of private capital (we use the term to include technical skills, managerial abilities and know-how, as well as money and machines) into the underdeveloped nations. An adequate flow of government loans and grants cannot be anticipated, nor do recipient nations wish to be subjected to political leverage, which is certainly implied in government-to-government aid. If the overall shortage of capital is such that these peoples feel compelled to use totalitarian controls and ideologies to sustain their economic development, then the image of Western business generally will become even less appealing, hostilities will become more intense, markets will be lost, and profits will shrink accordingly. The private enterprise concept, however defined, will have been found inadequate and irrelevant, and we shall all be the losers. Father Bruckberger observes in his *Image of America*, ". . . . I am deeply convinced that if America does not do what is up to America to do, and do quickly, the world is very close to being lost. By the world I mean this world, man's world with his individual and concrete liberties, his life on earth,

Oregon Business Review

Vol. XIX EUGENE, OREGON, AUGUST 1960 No. 8

BUREAU OF BUSINESS RESEARCH, UNIVERSITY OF OREGON
Wesley C. Ballaine, Director Donald A. Watson, Assistant Director
Catherine Lauris, Editor

Published monthly. Entered as second-class matter, August 10, 1948, at the postoffice at Eugene, Oregon, under the act of August 24, 1912. Persons wishing to receive the *Review* regularly should address requests to the editor. There is no subscription charge.

a human life worth of being lived."[1] What we have done here is simply to extend the time dimension of profit determination. Profits may be here today and gone tomorrow—and so may Father Bruckberger's world of man. It would seem that there is a horrible urgency in making our economic concept internationally viable if we would preserve man's dignity—and business profits.

On what many would call a more "hard-headed level," the point has been made by a number of internationally-minded executives that in certain industries those companies not organized internationally ten or twenty years hence will not be around any more. In these industries, the competitive advantages to be gained from international integration of resource, production facilities or markets or both are such as to doom the isolationist firm. One suspects that a growing proportion of the present "foreign" competition, both within the American market and without, stems from overseas plants in which American companies hold a financial interest either as licensor or stockholder or both. (No wonder that a liberal trade program has gained adherents.)[2] A truly international company, of which there are only a few thus far, processes or manufactures any place in the world where the peculiar mix of productive factors provides some advantage. By the same token, it will sell out of, and into, any national market, taking full advantage of more rapid delivery, lower shipping charges, orders against softer currency, international exchange transactions, bilateral trade agreements and triangular trade deals. It may manufacture part A in one country, part B in another, part C in another, exchange all three and assemble the final product in all three countries. The company thereby gains the competitive advantage derived from official support and a larger market; indeed, a common market for the product involved but not for competing products. It may move fully-depreciated machinery, which is obsolete in relation to the size and nature of demand in Country A out of that country and into Country B, where the machinery may have many years of productive competitive life left.

But whatever the justification one may use for stepping up the flow of skills and capital into the underdeveloped countries, our study[3] was based on the premise that building mutual interest between ourselves and the developing nations within the context of international business was a vital national interest. And being convinced that our American "collective capitalism" was a product of men and institutions, we undertook what was hoped a systematic examination of ourselves and our business organizations to see why American management generally had not broken through internationally on the scale required by the situation.

This inquiry, conducted over the past three years into the why's and wherefore's of international business organization, led inescapably to the conclusion that organizational obstacles within many American companies had blocked serious consideration of many if not most, foreign projects. In these situations it made little difference whether the projects were well conceived or not in terms of mutual interest, security, and yield.

We cite a few examples:

The relationship between the international division or subsidiary holding company and the operating divisions of the parent company, we found, was often a point of conflict. The international group, unless special production and administrative personnel were assigned to it by the parent, necessarily called upon the parent operating divisions for persons to develop and man a foreign enterprise, at least at the start. Unless an operating division derived some real benefit from such foreign activity, its management was understandably loathe to free personnel. And a foreign venture in most instances required high level individuals, for the competency and responsibility involved were considerable. In order to avoid conflict, a few managements had established a system of inter-departmental or inter-company credits, by which the operating division profited from participation in a foreign venture, in some instances even including a share of the return on equity.

Another major obstacle to the development of foreign manufacturing or other productive enterprise, we found, often lay in the absence of any person within the top management group sufficiently interested and knowledgeable to argue the case for foreign investment. One was struck by the probable truism that no management could make a really objectively-reasoned decision concerning foreign investment projects unless it had within it an effective protagonist for such projects at top management level—which meant someone emotionally committed to international business and of high enough rank to be heard. In the realization of this fact, a few managements deliberately had hired international business specialists to debate the affirmative side of selected foreign projects. Otherwise, natural bias and lack of interest—or time—caused most foreign projects to be dismissed out of hand; they were not measured fairly against alternative domestic projects. Truly world-oriented managements seemed inclined to employ such international business specialists or to direct one of their members to study the subject, meanwhile freeing him from other obligations.

Because most foreign projects probably required substantially more time and effort in their preparation and presentation than comparable domestic projects, a development or research section charged with the responsibility for both foreign and domestic projects was very likely to reject the former, we found, without going very deeply into them. To give maximum assurance of equal treatment, the working up of foreign projects should probably be

[1] R. L. Bruckberger, *Image of America* (Viking Press, New York, 1959), p.270.

[2] An example: during the first half of 1959, 28 per cent of all U. S. automobile imports were products of foreign subsidiaries of American companies. (*New York Times*, January 28, 1960).

Another case: a large percentage of textile imports from Hongkong is a product of American enterprise.

[3] Reference is to a three-year study, 1956-59, of the decision-making process relative to the commitment of capital and skills to foreign enterprise, in 172 American firms, directed under the auspices of the Division of Research, Harvard Graduate School of Business Administration.

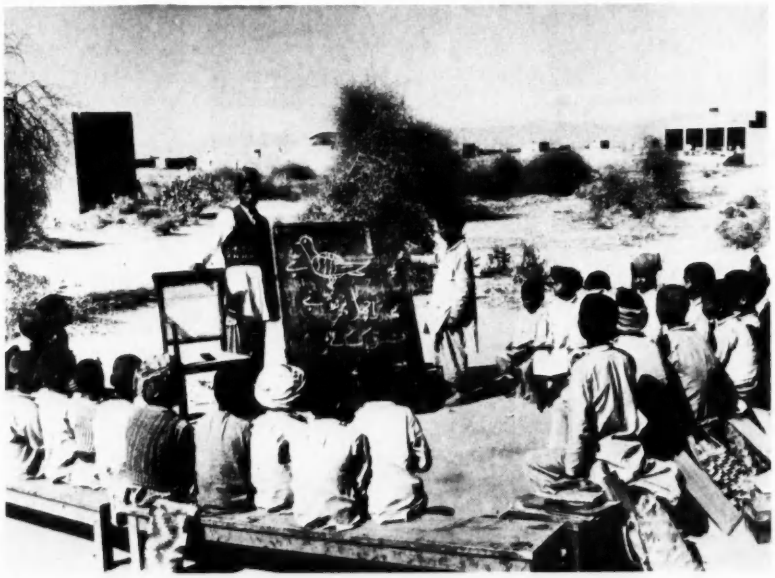
made organizationally distinct from the domestic. Foreign projects, we concluded, should not be merely one more responsibility loaded on the back of an already-overworked domestic staff. If such were the case, it was a rare foreign project which was given full attention and forwarded to top management with a positive recommendation.

The other extreme was the management which delegated to no one the responsibility to receive and study foreign proposals calling for overseas production. The upshot was that proposals were shunted from one executive to another. Rarely did action ensue; no one had the time to give that attention demanded—unless the proposal happened to cross the desk of an executive with a strong personal interest either in international business generally or in the particular country involved. Therefore, if a management wishes to internationalize its business, some one person or office should possibly be given the responsibility and authority for the decision as to whether specific foreign proposals should be investigated seriously or not. It should be borne in mind that a detailed study of most foreign projects is more expensive and time consuming than comparable analysis of domestic projects. In the foreign case, this first-level decision is not one to be taken lightly. Many thousands of man-hours and dollars may be involved over and above what the commitment to study a similar local project might require. A two-week study of an Indian project by two men could easily cost $20,000, or more.

Although it was apparent that the interest of an export division and of a foreign manufacturing enterprise might easily conflict, many managements lumped the development of exports and of foreign investment projects together in one division, which might well be headed by a man who had made his name in export. Because exports far overshadowed foreign production, historically, at least, it was frequently true that such a group was export-oriented and was disinclined to consider seriously proposals to produce overseas. Therefore, a management which desired that proposals for foreign production be given serious thought and study was probably ill-advised simply to toss this responsibility to its export division or subsidiary.

In this connection, it is worthwhile to note that management should not necessarily use the level of its export sales as an unchallenged guide to measure when and where it should consider overseas manufacture. Not infrequently, we found, it was precisely those firms with little or no export business that might have gained the most from some variety of foreign production. And to insulate one's self entirely from direct contact with foreign markets by selling through an independent export house might be unwise. The interest of the company and of the exporter might not coincide; seldom would the latter urge foreign manufacture and thereby do himself out of a client.

Inasmuch as many foreign investment projects were suggested initially by a company's foreign agents or dis-



Settlers move onto their farms recently cleared on the northern islands of Honshu and Hokkaido in Japan.

The reclamation of land goes on everywhere to provide homes and work for growing populations. The money loaned to governments by the International Bank finances the huge projects which are necessary for economic betterment but which private enterprise cannot undertake; in time these efforts will bear fruit through the improvement of the lot of the individual, and thence will evolve the buying and selling of goods

In the picture at the right, community life continues with the education of the young in a newly settled area in the Thal Desert of West Pakistan. Great tractors cleared and leveled the sand dunes here that the desert might become green fields and orchards and gardens.

EDITOR'S NOTE: *We are indebted to the World Bank in Washington for the photos of Japan, Pakistan, India, and Thailand. The United States Department of Commerce gave permission to use the photos taken in Nigeria. Professor Hugh B. Wood loaned the Nepalese picture.*

This woodcarving plant in Lagos, Nigeria, produces the handsome ebony masks and figures which stem from the traditional culture of these people. The products of this local craft now appear for sale in many American gift shops and home furnishings stores. The visitor is Professor Charles J. Miller, member of the United States Trade Mission which toured Africa and Asia in 1959.

Every piece of lumber which is cut in Nepal is sawed by this simple process. Laborers such as these men welcome the new tools which make their work easier; the problem is how to increase a meagre income in order to purchase the materials with which to produce the goods or services which one may sell to increase income. In Nepal, the solution may well lie in slowly spreading literacy.

tributors, anything acting to block such suggestions constituted a serious obstacle to investment. It could be very much against the personal interests of a company's foreign representatives to have their principal going into local production. A management wanting its foreign representatives to report frankly about the future of export sales and the feasibility of local production abroad offered some assurance that the latter alternative did not mean that the representatives would be cut out of the business once local production started. The foreign representative might continue to act as distributor. He might become a partner in the enterprise. He might be named to some suitable position within the enterprise. But unless such an arrangement were announced ahead of time as company policy, it could not be effective in producing frank opinion on how business could be conducted most profitably in a particular area.

Strangely few managements, we found, seemed aware that quality, product design, and production methods were relative—that there was no universal "right" or "wrong." A lower-quality product (by United States standards) might be of higher quality elsewhere where market conditions differed. That is, the product might last longer and do the job demanded of it more effectively. One company found that a crudely made insecticide duster was better for the Belgian Congo Negro farmer than a more finely machined product; the latter might turn more easily, but the former needed no lubrication in order to endure. The cultural impact on product design could be enormous. What was most appropriate in one place might not be in another. And, finally, the most efficient assembly line in the United States might fail to function at all, say, in India.

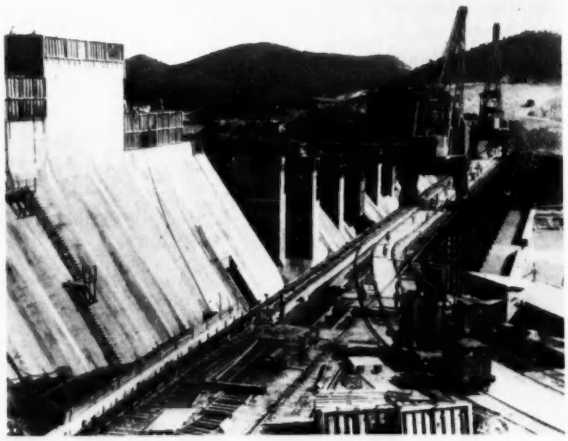
Nonetheless, few international divisions or subsidiary international holding companies seemed to have their own technical or production staffs. What technical help or evaluation that was needed in analyzing or developing foreign projects was recruited from the operating divisions of the parent company. Such persons were almost invariably domestically-oriented and quite naturally preoccupied with their own technical and production problems. There was, therefore, an apparent inclination to evaluate or plan a foreign projection on the American pattern, without much concern for environmental differences. To redesign a product or to change methods of production required (1) time, (2) peculiar knowledge of the foreign area, and (3) personal interest in the problem. Use of a hand paint sprayer and a tent in a production line might embarrass a production engineer in the United States (if it were to occur to him at all) and be highly uneconomic; but in

Chile it might be very appropriate. Or, competitive production within such a relatively small market might require special processes of a highly complex nature involving numerically controlled machines capable of turning out diverse parts in short runs with a minimum of retooling time. Little of our engineering talent has ever been focused on this problem, because we have a mass market. But is mass production really necessary for low-unit cost? Some recent technical developments suggest intriguing possibilities in more flexible machines.

It might be reasonable for a management to assign, on a permanent basis, competent technical and production men to its international division or company. Some few managements utilized the industrial laboratories established overseas by American groups, such as the Batelle Memorial Institute and others. A few other companies, wishing to take advantage of overseas skills and cheaper salaries, had set up their own research groups abroad. Such organizations were technically and culturally equipped to re-design products and processes to fit particular foreign environments. But such facilities were still not available in much of the world, and those that did exist were patronized by few American firms.

One project suggested in a conversation with executives of a company producing building materials was a technical study of village communities in various parts of the world, a study designed to accomplish two things: *one*, determination of the recognized needs of the people in terms of material goods and commercial services, and *two*, the design of appropriate machines, materials, and services which might be produced locally to satisfy these needs. For instance, roofing was a very real problem in the Turkish village. One suspected that a most profitable opportunity awaited the company that first marketed in Turkey a light-weight, durable, tough, easily installed, and relatively cheap village roofing. But the exact technical specifications would have to be worked out in representative villages in Turkey. We found few, if any, American managements that interested.

Another product meriting close study is a small, inexpensive specially-designed vehicle for the mass markets of Asia, Africa, and Latin America. The basic design should be such as to make possible the use of a variety of engines with a minimum of adjustment. Thus, depending upon local conditions, the customer might order a vehicle equipped with a diesel engine, gasoline, bottled-gas, or perhaps even charcoal or steam. A readily convertible body (truck-passenger), high clearance, durability, simplicity, and ease of repair would be other distinguishing features.



Construction of the concrete Maithon Dam in the Damodar Valley of India. Financed by the International Bank for Reconstruction and Development, conservation projects such as this make possible the use of a key natural resource, water, which over the years brings a measure of relief through better crops for the feeding of families, and to market in exchange for some of the things which raise life above the dreary level of subsistence.

The government of Thailand has embarked on a number of far-reaching development projects to raise living standards. The main effort has been to increase the use of river water for irrigation and to improve transport to markets. Above, river barges which have been the principal mode of transport for centuries, use the new lock chambers of the Chianat Barrage to by-pass the impounded waters of the Chao Phya river. Below, the effects of irrigation with water diverted fom the river are clearly evident. The farmer's daughter is keeping the cane ridges free from weed growth.

As was done with the Bell and Howell camera, subsequent improvements might be designed to fit onto the standard chassis and body.

Actually, the greatest interest in developing products desired by, and of real use, to the Asian villager seems to have been shown by the Chinese Communists. Some of the Chinese mainland products reported in use in Southeast Asia are rice transplanting machines small enough for use on family-sized paddies, $14 typewriters, kerosene powered radios, solar-powered lamps, back yard pig-iron furnaces. Archaic devices are not the answer for our less advanced friends. Much to be preferred is the application of the most advanced technical concepts to serve relatively simple purposes; such modern inventions, for example, as the solar-powered pump and plastic housing materials.

The marketing concepts most appropriate in these emerging states are possibly quite different from those to which we have grown accustomed in this country. A domestic marketing specialist tends to look at the market from from the point of view of the structure of present demand and devices to alter that demand to sell a new product or more of an existing product. The new might be new only in respect to style, brand, or packaging. Consumer wants are changed and elevated constantly in the process. But in an India or an Egypt, the market analyst should probably concern himself more with ascertaining what kinds of products would contribute most to increasing the national product, improving the nation's balance-of-payments situation, and sopping up inflationary pressures with a minimum commitment of resources. The stimulation of nonexisting demands for new consumer goods or demands based on brand name, style obsolescence, or new packaging may well cause an unjustified waste of scarce materials and skills or an unnecessary commitment of materials and skills. Rather than ascertaining *what will make money* in the short run, emphasis here is on *what should be produced* in the long run. A tractor may sell well, and the sale may be a very profitable one. The breeding of good draft horses may be much less profitable, and the present demand may be low. Still, given the sort of agriculture prevailing in much of Turkey, say, a good draft horse makes more economic sense than a tractor. The marketing problem here is to measure the relative merits of horse and tractor power under varying conditions and to promote sales accordingly, including the dissuasion of many farmers who currently demand tractors. A highly successful domestic or European marketing organization may, under these circumstances, take a company into ill-conceived (that is, insecure) projects in Asia, Africa and Latin America, while overlooking many very attractive and more secure opportunities. The orientation is different; namely, what will sell, against what is needed. Particularly in the economically new societies of the non-West, these two approaches by no means lead to the same results. Therefore, there is much reason to separate the domestic and foreign marketing groups within the company and to staff them quite differently.

In many ways, then, a management might do much to assure that on a *worldwide* basis its efforts and resources were flowing into the most rewarding and secure ventures. Otherwise, decisions could not be wholly rational from the point of view of getting a maximum return. Many of the best opportunities would not be spotted and acted upon. Nor would the company be able to relate itself profitably to promising overseas opportunities, even if someone in the firm were to see them and urge action. Many executives cited the uncertainties of foreign business climates or the lack of positive inducement by the United States government (more significent tax inducements, immunity from anti-trust prosecution, etc.) as the major reasons for their disinterest in undertaking foreign commitments. However, in view of the mounting record of overseas success by a few internationally-minded American companies, one suspected that these arguments, though surely justified in part, reflected only part of the problem. The rest was submerged in the organizational conflict within the individual company. The successful conduct of international business required, we found, a peculiar sort of organization—not only to minimize domestic tax liabilities, but more importantly, to get off the ground at all. Few companies had what it took.

The flow of private non-oil investment in most of the non-Western world continues to be negligible alongside the need. Meanwhile, the two worlds—the rich and the poor—pull apart, economically and politically. We do not suggest that alone greater sensitivity on the part of American managements to their own organizational problems will cure the world's ills. But we do suggest that the cure will be very difficult indeed unless more managements become alert to the organizational implications of international business. If they do not, publicly-inspired programs to stimulate higher levels of private investment abroad will have but limited effect, if indeed, they have any at all. And both public and private participation will be needed if we are to relate with meaning our concepts and institutions to the hopes and aspirations of the peoples of Asia, Africa, and Latin America.

Residential building permits for Oregon in July 1960 were down 37.2 per cent from those of July 1959. For the first seven months of 1960 the cumulative total of $64,889,559 for 5,044 units was 17.8 per cent lower than the total of $78,901,959 for 5,440 units during the same period last year. This information has been furnished the Bureau of Business Research by building departments in local governments.

	July 1960 New Residences		*June 1960* New Residences		*July 1959* New Residences	
	No. of Units	*Value*	*No. of Units*	*Value*	*No. of Units*	*Value*
Albany	3	$ 37,662	5	$ 85,216	17	$ 190,725
Baker	2	21,000	6	57,000	5	38,000
Beaverton	7	113,625	8	143,330	70	451,455
Bend	5	70,500	6	81,000	5	63,300
Coos Bay	2	23,955	1	15,000	4	60,500
Corvallis	30	259,000	31	288,000	22	288,000
Eugene	54	485,035	55	616,185	37	369,560
Grants Pass	4	57,600	4	64,500	2	24,250
Hillsboro	9	119,500	8	97,000	6	94,500
Klamath Falls	1	10,500	2	31,600	10	146,000
La Grande	6	89,024	0		1	16,140
McMinnville			9	108,000	18	180,000
Medford	9	107,500	12	139,500	291	4,938,116
Milwaukie	3	49,445	63	590,787	14	194,010
North Bend	9	102,120	5	57,880	3	39,300
Pendleton	4	58,000	7	86,500	4	49,000
Portland	118	1,466,975	12	1,357,950	85	1,060,300
Roseburg	2	25,105	5	80,775	3	42,000
Salem	14	167,645	15	99,000	3	228,210
Springfield	4	53,914	7	57,095	3	20,860
The Dalles	3	52,000	1	16,000	4	53,100
Clackamas County	48	601,680	47	651,890	47	566,883
Douglas County	6	66,261	12	97,680	2	20,102
Lane County	73	751,901	244	2,144,868	70	751,886
Marion County	65	593,300	55	561,614	13	407,350
Multnomah County	106	1,692,820	118	1,763,789	142	2,231,511
114 other communities	144	1,597,982	140	1,502,336	113	1,224,704
Totals	731	$8,674,049	878	$10,794,495	994	$13,799,762

OREGON STATISTICAL REVIEW

Employment. Information on employment in Oregon is reported each month by the State Department of Employment in Salem. The latest figures follow:

	July 1960	*June 1960*	*July 1959*
Lumber and wood products	75,000	76,000	79,800
Food and kindred products	22,900	23,300	25,500
Other manufacturing	53,000	52,500	52,400
Total Manufacturing	151,600	151,800	157,700
Contract construction	30,400	29,200	28,600
Retail Trade	81,000	81,000	79,600
Government	90,900	94,600	88,000
Other nonmanufacturing	157,800	157,400	156,400
Total Nonmanufacturing	360,100	362,200	352,600
Total Wage and Salary Employment	511,700	514,000	510,300

Construction. The Bureau of Business Research, in cooperation with the F. W. Dodge Corporation, reports June 1960 construction contracts in Oregon had a total value of $42,738,000. This is 28 per cent below June 1959. Comparative data in thousands of dollars follow:

	June 1960	*May 1960*	*June 1959*
Nonresidential	$11,404	$10,609	$ 7,887
Residential	15,851	16,116	18,594
Public works and utilities	15,483	6,066	32,564
TOTALS	$42,738	$32,791	$59,045

Nonresidential construction was 867,000 square feet in June 1960 and 645,000 square feet in June 1959. In June 1960 contracts were bid for 1,203 residential units totaling 1,447,00 square feet. One year earlier there were 1,384 units totaling 1,768,000 square feet.

The cumulative total for the first 6 months of 1960 shows that the value of building contracts in Oregon was 3 per cent lower than for the comparable period of the previous year. For the eleven western states the cumulative 6 month total for 1960 was 8 per cent lower than for the previous year. The national total was 8 per cent lower for 1960 than for the comparable period in 1959. The figures quoted in this paragraph do not include public works or utilities.

Index of Man Hours in Manufacturing. A reliable index of change in manufacturing activity is the man hours of industrial production workers. The index is made by the Bureau of Business Research from data supplied by the State Department of Employment (1951 = 100). Figures apply only to personnel engaged in direct manufacturing; sales, office, and general administrative employees are excluded. No adjustment for seasonal variation has been made. The most recent reading for Oregon is for July 1960.

	1959	*1960*		*1959*	*1960*
Jan.	79.1	82.9	July	100.2	94.2
Feb.	79.3	84.3	Aug.	107.4	.....
Mar.	83.3	85.3	Sept.	102.9	.....
Apr.	87.2	87.9	Oct.	97.6	.....
May	92.1	89.4	Nov.	94.1	.....
June	98.6	94.6	Dec.	89.6	.....

Business Failures. The Dun and Bradstreet report on commercial failures is considered an indicator of business health. The figures for Oregon follow.

	1959		*1960*	
	Number	*Liabilities*	*Number*	*Liabilities*
Jan.	25	$ 515,000	41	$ 590,000
Feb.	38	909,000	45	1,229,000
Mar.	54	1,161,000	46	1,414,000
Apr.	29	497,000	49	995,000
May	42	632,000	38	1,404,000
June	25	765,000	50	1,295,000
July	52	953,000	27	378,000
Aug.	56	1,015,000		
Sept.	34	534,000		
Oct.	36	660,000		
Nov.	39	594,000		
Dec.	41	1,550,000		

Lumber. The figures below were reported by the West Coast Lumbermen's Association. They cover the Douglas fir area of the Pacific Northwest and are in thousands of feet, board measure.

	July 1960	*June 1960*	*July 1959*
Average weekly production	126,625	152,311	146,686
Average weekly orders	113,140	153,828	170,505
Unfilled orders, end of month	518,602	488,166	658,084
Lumber inventory, end of month	1,109,044	1,147,972	853,793

Department Store Sales. Figures on department store sales are compiled by the Federal Reserve Bank of San Francisco for the Portland area, Eugene, and Salem. The data are released for Portland each week and once a month for all three cities and the state as a whole.

The most recent Portland area data are for the week ending August 13, 1960, when sales were 7 per cent below those of the corresponding week in 1959.

Sales for the three cities and for Oregon for the month of June and from January 1, 1960 to June 30, 1960 have been compared with those for the corresponding periods of time one year earlier. Percentage changes are shown in the following table:

	June 1960	*Jan. 1, 1960 to June 30, 1960*
Portland Area	−4	− 1
Eugene	+5	+12
Salem	+2	+ 4
Oregon	−3	0

Average weekly earnings of production workers in manufacturing industries in Oregon provide timely information on current trends of labor costs as well as rough measures of average income available for purchasing goods and services. Both aspects of this information make the figures valuable for consolidations with other data in evaluating the curent business situation. Data in the following table are supplied by the Research and Statistics Division of the State Department of Employment.

	1959	*1960*
Jan.	$92.72	$95.72
Feb.	93.93	96.78
Mar.	96.17	96.47
Apr.	96.53	98.57
May	98.30	98.79
June	96.41	97.51
July	96.44	97.93

Banking. Loans, investments, and deposits of Oregon banks that belong to the Federal Reserve System are shown below (in millions of dollars):

	June 1960	*May 1960*	*June 1959*
Loans	$ 951	$ 943	$ 862
Investments	600	606	676
Deposits	1,670	1,641	1,686

Electric Energy. During June 1960, kilowatt hours of electricity sold by privately-owned electric utilities in Oregon were 7 per cent above sales in June 1959. During the twelve months ending June 30, 1960 sales were 11 per cent above the twelve-month period ending one year earlier. This report is from the office of the Public Utility Commissioner of Oregon.

Cash Receipts from Farm Marketing. The cumulative receipts from the sale of farm produce were $146,184,000 for the first 6 months of 1960. This is a drop of 3.8 per cent over the 1959 cumulative total of $151,952,000 for 6 months. The following table shows the monthly comparisons in thousands of dollars, as reported by the Agricultural Marketing Service of the United States Dept. of Agriculture.

	1959	*1960*		*1959*
Jan.	$33,479	$29,796	July	$45,194
Feb.	21,901	23,076	Aug.	51,956
Mar.	24,117	21,205	Sept.	61,247
Apr.	21,693	20,775	Oct.	41,256
May	19,148	19,964	Nov.	29,153
June	31,614	31,368	Dec.	39,359

Advertising linage. The Oregon Newspaper Publishers Association reports that there were 585,721 column inches of local retail advertising in twenty daily newspapers in Oregon for the month of July 1960. This is an increase of 1.4 per cent over July 1959, when there were 577,598 column inches of local retail advertising in these twenty daily newspapers.

Life Insurance Sales. During June 1960, sales of ordinary life insurance in Oregon were 1.5 per cent ($643,000) higher than in May 1960 and 4 per cent lower than in June 1959. The national figures showed a 0.3 per cent gain in comparison with May 1960 and a 1 per cent drop in comparison with June 1959. These data are from the monthly survey of the Life Insurance Agency Management Association.

Oregon Business Review

Published by

UNIVERSITY OF OREGON

Entered as second-class matter at EUGENE, OREGON

The Pacific Northwest Managerial Accounting Conference meets on the University of Oregon campus, September 15-17. Reservations may yet be telephoned to Morton F. Moss, Eugene, DI 2-1411, Ext. 327, or to Richard M. Callahan, Portland, CA 8-9301. Three days of stimulating study under the leadership of men of national repute will be topped with the Oregon vs. Idaho football game.

BANK DEBITS

Bank debits represent the dollar value of checks drawn against the deposit accounts of individuals and business firms. Bank debits are considered good indicators of current business activity. But their value for this purpose can be impaired if they include large checks used to transfer funds for the purchase of certain kinds of capital assets that are not "business activity." Each month the Bureau of Business Research collects data on bank debits from 191 banks and branches.

	Number of Banks Reporting	*Debits July 1960*	*Debits June 1960*	*Debits July 1959*	*Percentage Change July 1960 compared with June 1960*	*July 1959*
Oregon	191	$2,076,318,974	$2,072,430,567	$2,098,017,739	+ 0.2	— 1.0
Portland area (Multnomah, Washington, Clackamas, Columbia counties)	62	1,344,400,107	1,352,491,607	1,331,095,580	— 0.1	+ 1.0
Mid-Willamette Valley (Polk, Benton, Linn, Marion, Yamhill counties)	40	236,073,521	230,781,087	236,333,248	+ 2.3	— 0.1
North Oregon Coast (Tillamook, Clatsop, Lincoln counties)	10	37,699,869	36,222,128	38,957,363	+ 4.0	— 3.2
West Central Oregon (Douglas, Lane, Coos counties)	22	186,610,682	184,609,124	203,747,663	+ 1.0	— 8.4
Southwestern Oregon (Curry, Jackson, Josephine counties)	13	96,310,452	96,377,527	95,776,637	— 0.1	+ 0.6
Upper Columbia River (Sherman, Hood River, Wasco, Gilliam, Wheeler counties)	9	29,721,224	28,477,908	30,217,334	+ 4.4	— 1.6
Pendleton area (Umatilla, Morrow counties)	8	35,594,271	30,386,994	39,174,341	+17.1	— 9.1
Central Oregon (Deschutes, Crook, Jefferson counties)	5	29,420,309	28,527,437	30,971,249	+ 3.1	— 5.0
Klamath Falls area (Klamath, Lake counties)	7	34,751,381	36,334,656	40,268,995	— 4.4	—13.7
Baker, La Grande area (Wallowa, Grant, Baker, Union counties)	10	24,123,829	25,455,660	29,301,751	— 5.2	—17.7
Burns area (Harney, Malheur counties)	5	21,613,329	22,766,439	22,173,578	— 5.1	— 2.5

BUILDING PERMITS

Building permits are a report of plans rather than of construction in actual operation. Interpretation of these data must allow for time elapsed between the issuing of the permit and the beginning of construction. The information has been collected by the Bureau of Business Research from building departments in local governments.

	New Residential July 1960	*New Non-Residential July 1960*	*Additions Alterations & Repairs July 1960*	*Totals July 1960*	*Totals June 1960*	*Totals July 1959*
Albany	$ 37,662	$ 96,000	$ 9,615	$ 143,277	$ 259,666	$ 345,318
Baker	21,000	10,000	46,998	77,998	69,957	374,200
Beaverton	113,625	158,220	8,200	280,045	494,515	454,783
Bend	70,500	82,900	8,980	162,380	99,995	83,918
Coos Bay	23,955	120,306	7,715	151,976	52,290	104,474
Corvallis	259,000	23,000	82,370	364,370	360,415	1,268,548
Eugene	485,035	114,450	683,415	1,282,900	2,736,070	648,515
Grants Pass	57,600	42,700	22,625	122,925	137,550	116,700
Hillsboro	119,500	4,500	23,688	147,688	109,390	434,196
Klamath Falls	10,500	260,000	20,400	290,900	156,130	429,200
La Grande	89,024	4,800	19,176	113,000	90,301	27,660
McMinnville		18,500	11,975	30,475	159,550	280,828
Medford	107,500	311,079	42,285	460,864	261,822	5,258,094
Milwaukie	19,445	78,988	9,030	137,463	595,330	676,270
North Bend	102,120	3,020	47,720	152,860	77,058	98,640
Pendleton	58,00	105,300	27,515	191,015	216,368	69,630
Portland	1,466,975	1,583,395	1,577,240	4,627,610	5,147,285	4,707,510
Roseburg	25,105	3,140	30,017	58,262	347,000	102,660
Salem	167,645	15,440	109,337	292,422	400,328	635,879
Springfield	53,914	22,739	75,545	152,198	431,390	97,723
The Dalles	52,000	59,900	10,625	122,525	148,535	59,300
Clackamas County	601,680	41,500	38,800	681,980	761,585	871,268
Douglas County	66,261	103,608	373,560	543,429	142,560	106,125
Lane County	751,901	116,121	110,349	987,371	2,905,033	1,214,565
Marion County	593,300	9,000	85,813	688,113	672,294	548,374
Multnomah County	1,692,820	1,268,373	134,187	3,095,380	2,331,401	3,183,771
114 Other Communities	1,597,982	633,018	313,035	2,554,035	4,309,409	2,207,042
Totals	$8,674,049	$5,290,197	$3,930,215	$17,894,461	$23,473,227	$24,405,220